

CE.PFL.1.4

Summarize how debt management and creditworthiness impact an individual's ability to become responsible consumers and borrowers (e.g., credit card management, monitoring percentage rates and personal credit reports, analyzing loan details, keeping and maintaining records, etc.).

Students will understand:

1. Creditworthiness is a characteristic considered by financial institutions and lenders when determining a person's likelihood of being a responsible borrower.
2. The use or misuse of credit can have long-term consequences which may positively or negatively shape a person's life.
3. "Good credit" can be built through responsible debt management which is important in establishing good credit history.
 - a. For Example: Car loans, credit card balances, and home mortgages.

Students will know:

1. That credit is a basic financial tool.
2. How to interpret a credit card offer
3. That failing to pay off a credit card balance quickly can lead to a decrease in one's standard of living.
4. How to determine a credit score.
5. The relationship between credit score and finance percentage rates.
6. How to request a personal credit report.
7. That the Annual Percentage Rate (APR) is the best indicator of the cost of a loan.
8. The nature of compound interest as it relates to debt.
9. The costs and benefits of using debt to make purchases in various situations.
10. Options available to the consumer if debts reach an unsustainable level.
11. The difference between Chapter 7 and Chapter 13 bankruptcy.
12. The consequences of bankruptcy.
13. The differences between "secured debt" and "unsecured debt".
14. Examples of good debt and bad debt.
15. Ways in which good forms of debt are used to help increase credit scores.
16. The pros and cons of a debt management plan (DMP).